

EMPLOYER UPDATE

A PUBLICATION OF THE ARIZONA STATE RETIREMENT SYSTEM

November 2001

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ASRS Web Site
www.asrs.state.az.us



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Accounting _____



Do you or your employees have questions about returning to work after retirement?

Returning to work after retirement is one of the most frequently asked questions received by the Arizona State Retirement System (ASRS). In the article below, we provide some answers.

Member who Retires at Normal Retirement

1. A member may return to work the day after retirement without a 21-day break and work less than 20 hours per week for as long as they want to. Member's pension benefit will continue uninterrupted.
2. A member may return to work the day after retirement without a 21-day break and work 20 hours or more a week for 19 weeks in any fiscal year and continue to receive their pension benefit. After the 19th week, they must reduce their hours to less than 20 hours per week for the remainder of the fiscal year. At the beginning of the next fiscal year, the member may work 20 or more hours per week for up to 19 weeks.

Starting the 20th week, the member must reduce their hours to less than 20 hours per week. If the member does not reduce their hours to less than 20 per week, then their pension will be suspended and the employer will withhold retirement contributions from their pay. The member will have to repay the ASRS for any pension payment

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✓ Don't Forget...

✓ The External Operations Division has been told by the ASRS legal counsel not to distribute the *ASRS Member Guide* (the small blue book). If you have any copies left, please dispose of them immediately and refer to the Guide that is located on our Web site (www.asrs.state.az.us). The *Member Guide* is located in the "Electronic Library" under the heading "View Handbooks or Manuals" located on the left side of the screen. The ASRS will contact you once we have the printed version of the *Member Guide* available.

✓ Be sure to remind employees that if they have an address change, in addition to notifying their Human Resources department, they need to notify the ASRS so that their records can be updated. The Change of Address form can be accessed on the ASRS web site in the "Electronic Library" under the heading "Online Forms/Documents" located on the left side of the screen. Forms should then be mailed to: ASRS, P.O. Box 33910, Phoenix, AZ 85067-3910.

✓ Please be sure to keep all Employer contact information up to date with the ASRS External Operations Division. To notify us of a change in address, personnel, or contact information, please contact Rosanne Gomez, Program Specialist at 602-240-2103 in metro Phoenix, 520-239-3100 extension 2103 in metro Tucson, or 1-800-621-3778 extension 2103 outside metro Phoenix and Tucson.

Return to Work After Retirement: YOUR QUESTIONS ANSWERED

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and health insurance premium benefit they received while working over 20 or more hours per week after the 19th week. When the member notifies the ASRS that they want to re-retire, their pension benefit will be recalculated using the additional service and salary.

FOR EXAMPLE:

- The member retires June 30 of any given fiscal year. The member returns to work July 1. The member may work for 19 weeks full time and then reduce their hours to less than 20 per week for the remainder of the fiscal year.
 - The member terminates work October 15 and retires October 16. The member has already worked 15 weeks full time. This leaves four weeks after retiring that the member could work full time. After working the four weeks the member must reduce their hours to less than 20 per week for the remainder of the year.
3. A member who has been retired for 12 months (not meeting conditions for ASRS membership) may return to work full-time and continue to receive their pension benefit. Such a member must acknowledge the conditions of their return to work and notify the ASRS and their employer in writing of their intent to return to work and not have retirement contributions withheld from their pay. This provision is in effect until June 30, 2003.
 4. At any time, a member can suspend their retirement benefit and return to work full-time. Once the retirement benefit is suspended, the member will earn service time and can re-retire with a higher benefit.

Member Who Retires Before Normal Retirement (Called Early Retirement)

1. Before returning to work, a member must be terminated from employment for at least 60 days. They may work 19 weeks full time in any fiscal year and continue to receive their pension. Full time means 20 or more hours a week. Upon reaching the 19th week, they must reduce their hours to less than 20 per week for the remainder of that fiscal year.

FOR EXAMPLE:

- The member retires June 30 of any given fiscal year. The member returns to work 60 days later, September 1. The member may work for 19 weeks full time (20 or more hours a week) and then reduce their hours to less than 20 per week for the remainder of the fiscal year.
- The member terminates work September 30 and retires October 1. The member may return to work January 1. As the member has already worked 13 weeks full time, he or she is only allowed to work 6 weeks full time as a retiree for the remainder of the fiscal year. After working the 6 weeks full time the member must reduce their hours to less than 20 per week for the remainder of the year.

At the beginning of the next fiscal year, the member may work 40 or more hours per week until reaching the 19th week. The member must subtract the number of full weeks the member worked in the fiscal year because they count towards the 19-week limitation for full time employment.

2. When the member attains normal retirement age, they may come under the return to work provisions of 738-766.01(A) and (B) set forth above.

Member Who Retired During a Window Period

In accordance with Arizona revised Statutes 38-766, subsection B, if the retired member's original retirement occurred during a window period providing an increased retirement benefit, the new benefit shall be computed according to the existing provisions of law, without regard to the provisions of the window period.

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Would you like to start receiving the *Employer Update* electronically? If so, please e-mail us at "asrs-publications@asrs.state.az.us" and we will start sending them to you via e-mail.

Once we receive your request, you will no longer get this ASRS publication via U.S. mail unless we are notified otherwise. We will also send you updates on any new publications that get printed and give you the opportunity to order them on-line as well.

EMPLOYER UPDATE

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ASRS Service Purchase PDA Authorization Letter

It is no longer a requirement that you fax or mail back the PDA authorization letters indicating the starting pay period ending of the first payroll deduction, except under certain circumstances. Fax or mail back the completed and signed authorization letter only if you will **not** be able to implement the agreement within 90 days of the date on the authorization letter (issue date) or the requested start date listed on the letter, or cannot implement the agreement for some other reason.

Reminder:

- Do not withhold PDA payments on leave payoffs at termination or retirement.
- Do not implement a PDA without an Arizona State Retirement System (ASRS) authorization letter showing you as the employer. If an employee brings in a PDA without an authorization letter or an authorization letter for another employer, please refer the employee back to the ASRS for a new authorization letter under your employer number before implementing.

Health Insurance Premium Survey

A new Employer Health Insurance Premium Survey has been developed to support the new legislation on the additional premium benefit for rural area participants. In addition to the normal plan rate information, this new survey asks for information such as the carrier plan type – HMO, PPO, etc., and also any regional limiters for coverage based on county or zip code. You should have received this new survey in October. Since we require this information before we can pay any of your eligible retirees the additional premium benefit, we ask that you complete and return the survey as soon as possible. If you have questions on filling out this survey, please contact (602) 240-2009 in metro Phoenix, (520) 239-3100 extension 2009 in metro Tucson or 1 (800) 621-3778 extension 2009 outside metro Phoenix and Tucson or send an e-mail to hquest@asrs.state.az.us.

For all other questions concerning retiree Health Insurance or Premium Benefit issues for your retirees, please contact the Member Service Center at (602) 240-2000 in metro Phoenix, (520) 239-3100 in metro Tucson or 1 (800) 621-3778 outside metro Phoenix and Tucson.

CHECK IT OUT!!

Have you visited the ASRS Web site lately? We are constantly adding new features and elements to help keep our members and employers informed. Topics an ASRS employer may find of interest are:

New Stuff-If we add anything to the web site, this is where we feature it. There is nothing over 60 days old on this page.

Employers-This page contains information for our employers to utilize such as retiree health insurance information, forms that can be downloaded and other general information.

Legislation-This page contains current and past Arizona legislative information and links to the Arizona Legislature.

And there is much, much more! Please visit today! www.asrs.state.az.us

Service Purchase PDA Clarification of Rules

Due to a recent legal opinion, the rules that govern the eligibility of members to contribute through a PDA have slightly changed. Once a valid PDA agreement has been approved by the ASRS and has been implemented by deducting the first payroll deduction, this agreement cannot be changed or stopped unless the employee terminates employment. If the employee changes positions or hours which makes them ineligible for participation in the ASRS, yet the employee has not terminated employment, the PDA is still in effect and you must continue to withhold and remit the PDA payments to the ASRS even though you no longer withhold retirement contributions.

If this situation occurs, please attach a memo or letter of explanation on your payroll reporting documents or contact the ASRS Contribution Accounting Office at (602) 240-2034 in metro Phoenix, (520) 239-3100 extension 2034 in metro Tucson or 1 (800) 621-3778 extension 2034 outside metro Phoenix and Tucson.

Two Members Leaving the ASRS Board

The ASRS Board is losing the services of two valuable members. Dr. Merlin DuVal and Mr. James Jenkins are both leaving the Board in January 2002.

Dr. Merlin DuVal has been an ASRS Board member since January 1993. He served as Chairman of the Board twice and also served as Vice-Chairman. Dr. DuVal served on six Committees during his eight-year career with the ASRS Board; Audit, Search for Director, LTD/Health Insurance, Executive Compensation, and External Relations.

Mr. James Jenkins has been on the Board member since June 1995. He served as both Chairman and Vice-Chairman in the years 1998-1999 and 1999-2000. Mr. Jenkins served on nine Committees during his six years on the ASRS Board; Audit, Board Policy & Procedures, Special Committee, Investment Review, Budget & Strategic Planning, Executive Compensation, Long-Range Planning, External Relations & Legislation and LTD/Health Insurance.

Two new Board members will be appointed by the Governor in January, and will serve a two-year term.

The ASRS would like to thank both gentlemen for their time and commitment to the ASRS and its members. Their leadership and expertise have helped to make the ASRS one of the best retirement systems in the nation. We wish both of them the best of luck for the future.

**Have a Safe and Happy
Thanksgiving Holiday!**



EMPLOYER UPDATE

is published periodically for employers of the Arizona State Retirement System by the External Operations Division. Comments and questions may be directed to the Editor, or call (602) 240-2048 in metro Phoenix, (520) 239-3109 in metro Tucson, or toll-free outside metro Phoenix and Tucson at 1 (800) 621-3778 ext. 2048.

ASRS Employer Update is published quarterly for employers of the Arizona State Retirement System. We welcome letters from our readers and encourage you to address your comments to:

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The ASRS complies with the *Americans with Disabilities Act of 1990*. This newsletter is available in an alternate format upon request. Contact Ami Bradford, ADA Coordinator, at (602) 240-2072 in metro Phoenix, (520) 239-3100 ext. 2072 in metro Tucson or 1 (800) 621-3778 ext. 2072 outside metro Phoenix and Tucson. Information in the newsletter about retirement laws or policies is only a guide. If a conflict arises between information contained in the newsletter and the law, the law takes precedence.